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ABSTRACT

Providing information on the issue of merit pay for teachers, this booklet covers reasons for adopting merit-pay programs, examples of such programs now operating, definitions of types of programs, indications of why some programs have failed, and steps for developing a successful program. Noting the lagging pay of teachers and inadequacies of current promotion systems, the author describes the varieties of merit-pay plans. Examples of merit-pay programs show how teacher outputs are being used to determine awards, how merit-pay schedules have entirely replaced single-salary schedules in some districts, and how incentive pay can help districts meet special needs. Differential staffing and master-teacher plans are also explained and illustrated. Three major reasons are cited for most merit-pay failures--teacher opposition, inadequate financing, and administrative difficulties--and a variety of other reasons mentioned, as well. Finally, a seven-step approach is offered to implementing a program in any school district; the steps are chosen to avoid proven pitfalls, generate public support, and meet district needs. (JW)

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Some points to consider when you discuss

MERIT PAY

American Association of School Administrators

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Some Points to Consider When You Discuss Merit Pay was written for the American Association of School Administrators (AASA) by Lu Van Loozen. AASA Managing Editor, Anne Dees, edited and produced it. Associate Executive Director, Gary Marx, served as project director. This book is designed to provide basic background on the issue of merit pay. It is not designed to provide an exhaustive study of the issue.

Some Points to Consider When You Discuss

Merit Pay

AMERICAN ASSOCIATION OF SCHOOL ADMINISTRATORS
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WHY MERIT PAY?

Maybe you believe merit pay has merits . . . and maybe you don't. Maybe you'd rather say, "It's been tried before, and it doesn't work." Maybe it's been tried in your school system and abandoned. Maybe your district already has some form of merit pay and it is working well.

Whatever your feelings about merit pay—pro, con or undecided—the idea of merit pay will probably not be discarded with the next round of paycheck stubs. Merit pay, as a concept, has simply received too much public attention to be ignored.

This booklet is designed to help those school districts that are ready to deal with the issue of merit pay. It neither supports nor opposes the concept, but provides important information for you and your school district to consider in discussing how teachers are paid. Included are examples of merit pay programs now in effect, definitions of the types of programs offered, indications of why some programs have failed, and a process for developing a successful program in your district. Consider this publication must reading as you prepare to discuss merit pay. A national leader in education recently remarked, "Rather than arguing merit pay has failed or won't work, we must come up with a way to make it work." At least, it deserves our consideration.

To "make it work," you need to know what merit pay is, what forms it has taken, and why some plans have failed and others have succeeded. You also need to know:

- What steps to take when designing a merit pay plan in your district.
- How to effectively involve teachers, parents, and others in the process.
- What critical questions need to be addressed in the development of a plan.
- How to evaluate how well your plan is working.

WHY THE RENEWED INTEREST?

Much of the current interest in merit pay can be attributed to the

major report published in 1983 by the bipartisan National Commission on Excellence in Education. In "A Nation at Risk: The Imperative for Educational Reform," there was a call for teachers' pay to be "market-sensitive and performance-based," with better teachers enjoying higher rank and higher pay.

Another report, issued by the Education Commission of the States (ECS), also sparked interest in merit pay. Members of the ECS Task Force on Education for Economic Growth recommended "that the states—with full participation by teachers themselves—drastically overhaul and improve their methods for recruiting, training, and compensating teachers." This improvement, the task force agreed, should include:

- Extraordinary rewards for extraordinary teachers
- Expanded pay potential for teachers as they reach the upper levels of seniority and effectiveness
- Special financial incentives for teachers keyed to differing responsibilities and filling critical needs in certain subject areas.

President Reagan fanned the merit pay fires still further with pronouncements in support of merit and master teacher programs. Speaking to a gathering of state teachers of the year, for example, the President said, "If we want to achieve excellence, we must reward it . . . It's a simple American philosophy that dominates many other professions, so why not this one?"

WHY NOT THIS ONE?

According to a number of public officials, researchers, and lay citizens, there are many good reasons for paying teachers according to their performance.

Tennessee Gov. Lamar Alexander emphasized in an interview in *U.S. News & World Report*, "Virtually every other important part of the American workplace has found some fair way to pay more money for doing a good job. There's absolutely no reason we can't do it in public school teaching."

Of course, most important is public agreement. In a *Newsweek* poll conducted by the Gallup Organization, 80 percent of the respondents favored basing teachers' salaries on merit in order to attract and retain better public school teachers. In another poll conducted in Tennessee, 57 percent said they would support higher taxes to provide salary increases to teachers meeting higher standards. On the other hand, only

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"So many good teachers give up because our system won't give out."
— Gladys Stevens, student, Dunbar High School, Washington, D.C.

13 percent said they would support a tax increase for an across-the-board raise for Tennessee teachers.

BETTER EDUCATION WANTED

Why so much support? First, people want to improve the quality of education offered by the nation's schools and are willing to pay for it if there is improvement. The National Commission on Excellence report left no doubt about the need to do so. Paying teachers in a manner that motivates them to improve their abilities to provide an even more effective education for their students seems a likely place to begin. If the best teachers can be encouraged to stay in the classroom with financial incentives, the result could be better performance by students.

Another reason for public interest in merit pay is the need to attract qualified personnel. At a hearing of a House task force on merit pay held in 1983, Carrie Winter, chairman of the Board of Education for the Charlotte-Mecklenburg (N.C.) schools said that, despite disagreements on many things, those who study teacher quality agree on one point: Currently we are not able to "attract the most capable to the teaching profession, and to retain the most capable practitioners."

MORE MONEY NEEDED

Unfortunately, inadequate pay has to be considered a major reason schools often have difficulty attracting and retaining excellent teachers. In 1983, the average starting salary for new teachers was only $12,700—about half that of engineers, accountants, and computer specialists. And, according to a report issued recently by the Carnegie Foundation for the Advancement of Teaching, teachers continue to lose ground. According to the report, although per-pupil spending in the public schools has risen by 22.5 percent in the last decade, after accounting for inflation, the proportion of these funds used for paying classroom teachers has dropped from 49 percent to 41 percent. Average teacher salaries were 12.2 percent lower in 1982-83, when adjusted for inflation, than they had been in the previous decade. Of course, that situation varies from one school district to another. While some teachers may be underpaid others might be paid quite well.

As Patricia Williams-Boyd, a music teacher from Central Junior High in Lawrence, Kansas, told President Reagan at a White House gathering of state teachers of the year, "Schools cannot compete for talent when the average salary is so low."

Compounding the salary problem has been a change in the American labor market. Women students are no longer drawn nor limited to the teaching profession; women are now actively sought in other professions. The result is that public schools are experiencing teacher shortages in critical areas such as math, science, and foreign

language. In the future teacher shortages will also broaden to include other curriculum areas.

With limited funds, no school district or state can raise teacher salaries across-the-board enough to attract and keep the best teachers. Advocates of merit pay do not feel that across-the-board raises are the answer because not every teacher deserves the extra money. Merit pay, or a variable pay schedule, seems an affordable way to reward and retain excellent teachers , as well as a way to attract bright young students into teaching.

CURRENT SYSTEM NOT ADEQUATE

Many are critical of the current lock-step method of compensating teachers only on the basis of seniority and college degrees. One journalist, Phil Keisling, attacked the current method of compensation as "senseless, unfair, and one of the cruelest tricks unions play on our children."

Keisling and like-minded critics of the single salary schedule believe that, by disregarding demonstrated performance as a payment criterion, better teachers lose their motivation to teach and ". . . wonder why they even bother." They either quit their position, or their performance lags.

Gov. Alexander (Tenn.) points out, "If you want the best results, you hire the best people. In this day and time, you can't hire the best people with a pay scale that rewards mediocrity . . . Our present system," the governor explained, "features low wages, lifetime contracts, little real evaluation--and not one penny of extra pay for outstanding performance." While Alexander was criticized for the lack of involvement by teachers in the development of his pay proposals, his ideas do deserve discussion.

Under the lock-step system, also, teachers who want to progress in their careers must move out of the classroom and into administration. As one educator put it, "This is a loss to both the teacher and the child. A differential staffing plan, a form of merit pay, would keep excellent teachers teaching."

As Dallas Independent School District Board President Leonard Clegg said recently, "If we ever hope to get public support for a tax increase for salaries, we're going to have to come up with a system that rewards good work."

It is true that in some school districts merit pay has actually reduced staff morale instead of boosting it. It has increased worry, nervous tension, and insecurity, especially at rating time. But the problems were not the result of the concept of merit pay itself. Problems resulted because the merit pay programs were poorly designed and implemented.

JUST WHAT IS MERIT PAY?

"Merit pay" means different things to different people. In any one discussion, merit pay could mean:

- Giving awards to teachers judged to be good at what they do
- Giving bonus payments to teachers who accept additional assignments or more difficult assignments
- Conferring higher status on the "best" teachers in the district, as well as providing them with higher salaries
- Rewarding teachers who teach others how to be more effective in the classroom
- Giving extra money to teachers who contract with the district to accomplish agreed-on instructional goals and who accomplish their goals
- Giving bonuses to all teachers in a school when the students in that school raise their test scores by predetermined levels
- Allowing teachers to advance on the schedule for completing in-service or college courses.

Put simply: "Merit pay is any device that adjusts salaries to reward higher levels of performance."

This definition takes into account all the different forms of what people are calling "merit pay," be it differential staffing, incentive pay, or master teaching plans.

For our purposes, the term "merit pay" generically encompasses all types of financial reward plans. When you begin to discuss and design a program for your district, though, it is important that you know and can clarify the types of financial reward plans and how they differ.

MERIT PAY

The awarding of merit pay can be based on the evaluation of two types of factors: input or output. Most systems in the past have been based on an evaluation of input factors: how the teacher performs in the classroom, how the teacher cooperates with other staff, and how the teacher behaves ethically and professionally.

More and more, however, merit pay is being awarded for teacher

"output." Teachers are rated, collectively or individually, according to results of student achievement test scores, or some other measurement of student performance. As with management by objectives (MBO), teachers may set a target to get all the students in one class reading at grade level, or to teach the regular curriculum in less time while accomplishing the same results in student achievement. The degree of progress in meeting a target determines the amount of benefits that teachers receive.

Merit pay can be linked to a district's regular, single-salary schedule, and teachers who receive high merit ratings are allowed to advance additional steps. In these plans, the merit increase is often permanent.

Or merit pay could be administered as a separate "merit pay schedule," supplementing regular pay schedules. In this form, it may or may not serve as a permanent salary increment. In either case, this type of plan often involves the participation of all the teachers in a district; though in some districts, participation is voluntary.

One example of this kind of merit pay program exists in the Glastonbury (Conn.) public schools. There, teachers are evaluated yearly on how well they meet the objectives they have established. (In Connecticut teachers are required by state statute to establish an annual plan of action.)

Glastonbury Supt. Henry Schoebel says the district's plan is like a management by objectives (MBO) plan, but that teachers also are judged on how well they meet criteria established by the board, and on what sort of contributions they make to their school or department, school system, or education in general.

In the Glastonbury plan, merit winners receive a double-increment, or an honorarium if they reach the top of the base salary schedule. The honorarium is not cumulative. To be considered for a merit increase, a teacher must have endorsements from two supervisors, one of whom is a school administrator. Both of these persons must have observed or worked with the teacher on at least three occasions and must have discussed their evaluations with the teacher.

The school principal submits the recommendations to the superintendent for review. The superintendent then submits final recommendations to the board for its consideration and approval.

There is no limit in Glastonbury on the number of teachers who may receive merit increases.

Merit pay can also be a one-time "teacher excellence award," supported by the district or outside private or public sources. For example, the Minnesota Business Foundation for Excellence in Education gives $4,000 to up to eight teachers a year. Anyone—parents, students, administrators, and other teachers—can make nominations for the

awards. Each nomination must be accompanied by supporting statements from at least three school-related groups. Awards are given on the basis of how well the teachers measure up to seven criteria, including knowledge of subject area, creativity, enthusiasm, and use of innovative teaching strategies or materials.

USING MERIT SCHEDULES ALONE

A few districts have abandoned their single-salary schedules to pay their teachers solely according to merit. The School District of the City of Ladue in St. Louis (Mo.) is one such district. Their merit pay system, one of the oldest in the country, has been virtually unchanged since its inception.

The system's goals are to promote improvement in instruction and to relate teacher salaries to performance. Via the system, teachers are paid according to three salary schedules. In 1983, the lowest schedule ranged from $14,300 to a maximum of $14,700; the second schedule was to a maximum of $23,200; and the third, to $30,000. The district may pay a teacher in excess of the maximum on the second and third schedules, if necessary. For example, at least one elementary school teacher was making in excess of $39,000.

Years of service and college credits are only two of many factors taken into account when setting salaries for teachers new to the district. In the case of inexperienced teachers, factors include: courses taken, grades received (particularly in student teaching), instructors' recommendations, and out-of-school experiences.

For experienced teachers, factors include: professional training and recommendations, observations of the teacher's work (when appropriate), level of experience, current salary, out-of-school experiences, and potential value to the school district.

Supply and demand are also important. Says Ladue Supt. Charles McKenna, "If we have to 'buy' someone to fill a position where there is a shortage of teachers, our system allows us to pay more to get the person we want."

All teachers are on the Ladue merit system from the time of employment. Their evaluation results in differential annual increments (sometimes, no increment at all), as well as placement on one of the three salary schedules.

McKenna explains that the district's plan provides "a positive correlation between salaries and years of experience." That is, with positive evaluations, a teacher's salary increases each year that he or she is in the profession. But years of experience and longevity with the district are not part of the five criteria on which teachers' merit raises are based.

Teachers, instead, are evaluated according to how effective they are in:

- Teacher-student interaction
- Relationships with colleagues
- Contacts with parents, patrons, and members of the community
- Contributions to the total school program
- Curriculum development and professional improvement.

These criteria were developed cooperatively by the district's teachers and administrators. School principals and assistant principals are responsible for conducting all evaluations.

McKenna, like many advocates of merit pay, says that a merit system is the only "fair way to pay teachers . . . It's economic justice." He sees "no defense to paying teachers in relation to the number of degrees or hours they can accumulate."

INCENTIVE PAY

Incentive pay programs reward teachers for helping to meet certain school district goals or to solve certain problems. For example, additional salary supplements are given to those who teach in economically disadvantaged schools, teach a subject for which there is a teacher shortage, teach larger classes, have a limited number of absences, or receive additional training related to their professional assignment.

In general, incentive pay programs differ from merit pay, differential staffing, or master teacher programs. Incentive pay rewards teachers for the conditions under which they teach, not for how they teach or for the amount of responsibility they have been given. Achieving an incentive goal is a measure of how responsibility is discharged.

Incentive pay programs primarily affect teacher turnover and the supply and distribution of teachers. While merit pay, differential staffing, and master teaching programs focus on improving the quality of teaching, incentive programs focus both on *quality* and *quantity* of what is learned, and can perhaps be more effective in fulfilling public expectations.

The "Second Mile Plan" of the Houston school system is a prime example of incentive pay. In this plan, teachers may qualify for an incentive stipend in six categories:

- HIGH-PRIORITY LOCATION. Teachers willing to teach in schools with high concentrations of educationally disadvantaged students are eligible for $2,000 stipends.
- CRITICAL STAFF SHORTAGE. High school mathematics and science teachers, and special education and bilingual education teachers are eligible for stipends up to $1,500.
- OUTSTANDING TEACHER ATTENDANCE. Teachers absent

five or fewer days during the year may sell their unused leave days back to the district at a rate of $100 per day.

• PROFESSIONAL GROWTH. Teachers who complete college courses in curriculum areas related to their teaching assignment or who voluntarily attend inservice classes operated by the school system are eligible for stipends of $300 for each six-hour block of college coursework or for each 72-hour block of approved inservice training. The stipend goes up to $400 if the training is in a critical shortage area.

• OUTSTANDING EDUCATIONAL PROGRESS. When a school reaches the learning goals set during its accreditation process, each eligible teacher receives a $1,000 stipend.

• UNIQUE CAMPUS ASSIGNMENT. Teachers working on a campus for which no test data are available—either because the students have not been at the school long enough to be tested or because the students cannot be tested using standardized tests—are eligible for stipends ranging from $450 to $750.

Before teachers are eligible for a stipend, they must meet these minimum requirements:

- Hold a valid and appropriate teaching certificate or permit.
- Be assigned to a school or instructional site.
- Be paid on the teacher salary scale.
- Have an acceptable performance evaluation.
- Have limited absences.
- Be a full-time teacher, nurse, or librarian.
- Take and pass a functional academic skills proficiency test.

Actually, most merit pay programs are often a "mixed bag." Houston's "Outstanding Educational Progress" category is really a form of merit pay as defined in this chapter. To meet their individual needs, many school systems create compensation programs that include more than one form of merit pay. Some call their program "merit pay"; others give their program a distinctive name, like Houston's "Second Mile" plan which, as one Houston administrator explains, "rewards teachers who, on their own initiative, go beyond the minimum requirements to meet the instructional needs of their students—teachers who go 'the second mile.' "

Teacher organizations have been generally in support of incentive pay programs, as long as the incentives continually shift to meet school district needs. To do otherwise, the teacher groups say, would be unhealthy for teacher relationships, as well as have unwanted psychological impact on students.

There are some critics of the incentive pay concepts and they have expressed specific concerns. If, for example, extra money is always given to math and science teachers, these teachers—it is thought—might develop "elitist" attitudes. They would be getting the message that the

public and school system place greater value on their teaching area than on others.

Another concern regarding incentive pay is that paying teachers according to "where" and "what" they teach violates the concept of "equal pay for equal responsibilities." And, finally, critics of incentive pay say school systems that do not allow teachers to choose where they teach will be denying some teachers the opportunity to receive a bonus for teaching in a poor area.

Others rebut these arguments by saying a teacher in a more difficult environment must accept more responsibility and put forth more effort to achieve acceptable results. Their philosophy is "Equal pay for equal work."

DIFFERENTIAL STAFFING

Differential staffing, another form of "merit pay," compensates teachers according to the different jobs they perform and the varying responsibilities within the jobs.

With differential staffing, for example, a district pays its teachers on the basis of experience and qualifications for various positions on a professional, organizational hierarchy ranging from academic assistant to staff teacher, senior teacher, teaching curriculum associate, and teaching research associate. Teachers, once selected by a professional panel for a position on the hierarchy, are retained in that position only as long as they perform satisfactorily at that level.

Thus, differential staffing differs from merit pay because it provides salary differentials based on differences in responsibility or duties, while merit pay compensates teachers according to how well they perform in a situation where every teacher has a similar task and the same degree of responsibility.

"MASTER TEACHER" PLANS

Master teacher plans are forms of differential staffing because they provide teachers several levels of advancement or promotion on a "career ladder," and tie each higher level of pay to increased knowledge, skills, and professional responsibilities.

Most of the "master teacher" proposals being entertained now in various states would modify current teacher certification programs. They would revise the salary schedules for teachers and would limit the number of teachers allowed in the different categories or levels of certification. In cases where no limits are placed on the number to receive a particular status, adjustments may be made in the salary supplements because of limited funds.

The "Better Schools Program" proposed by Tennessee Governor Lamar Alexander is a master teacher plan. It contains four steps of cer-

tification: A teacher would begin as an "apprentice teacher," progress to "professional teacher," then become "senior teacher," and, finally achieve "master teacher." Teachers would have to teach a minimum of 11 years before attaining "master teacher" status.

In the Tennessee plan, teacher certification awards would be made by the state board of education based on recommendations from a statewide "Master Teacher Certification Commission."

Regional commissions, consisting of a five-person executive board and all the master teachers in the region, would make recommendations for the first three levels of certification. The executive board would consist of master teachers elected by all the master teachers residing in the region; a state department of education employee; the state commissioner of education, serving as chairperson; one "master principal" or other school administrator; and one university-based teacher educator appointed by the state board of education.

A full statewide commission would make recommendations for master teachers. This commission would consist of 21 persons, including master teacher representatives from each region; three additional master teachers, one representative each from the different school levels: elementary, middle, and secondary; university-based teacher-educators; and three lay persons, one of whom would serve as chairperson.

The basis for awarding certificates, as Alexander explains, would be proof of successful performance—not "paper credentials," such as the number of degrees earned or courses taken.

In the local setting, teachers would be evaluated by a team of three or four administrators and teachers from outside the district who are trained evaluators. This team would base its evaluations on classroom observation, and information from the school principal and, possibly, other school administrators.

Advocates of master teacher plans believe that financial incentives alone will not keep good teachers in the schools. To keep good teachers, they say, there must also be opportunities for increased amounts of responsibility and development. Part of the increased responsibility and development can be accomplished by having master teachers spend some of their time helping other teachers in their efforts to improve classroom instruction.

Critics of the master teacher concept say that too many good teachers would be denied recognition, either by their own choosing (they perform exceptionally well in the classroom, but they do not want to assume additional responsibilities), or by imposed quotas that limit the number of teachers who can become master teachers.

A FINAL DEFINITIVE NOTE

Because merit pay is defined in so many different ways, some re-

searchers find it easier to state what it is *not*, rather than what it is. Foremost, they say, merit pay is *not* a plan of costcutting—one that allows the district to cut the overall salaries of the majority of teachers, while paying only a few higher salaries. Also, the opposite of merit pay shouldn't be part of a merit pay plan: salary increases should not be withheld to penalize less than meritorious service.

"Once developed, the plan itself must be refined and improved to ensure its success and to guarantee that the principles of equal opportunity and justice are upheld." — AASA Statement on Merit Pay

WHY HAVE SOME MERIT PROGRAMS FAILED?

The first recorded merit pay plan for teachers was that of the Newton (Mass.) school district in 1908. Since that time, especially in the 1920s when use of merit pay soared, hundreds of school systems have tried some sort of merit pay plan. In the 1960s, approximately 10 percent of all school systems used merit pay.

Yet, according to a 1979 study conducted by the Educational Research Service (ERS), only four percent of the reporting school districts had merit plans for teachers, and only another four percent were considering initiating such a plan. Of the responding school systems that reported having had merit pay programs, 53 percent had plans that lasted less than five years.

Why did so many districts abandon their merit programs?

TEACHER OPPOSITION

One answer is that in the 1930s and '40s, teacher organizations pushed hard for the adoption of single-salary schedules. Over the years, some teachers have viewed merit pay plans as a ploy used by school management to avoid paying higher or more competitive salaries to all teachers. Merit pay awards, according to teacher groups, have been made based on subjective, meaningless evaluations that have been arbitrary and capricious.

Teachers have also perceived merit pay as divisive—it creates jealousy, brings charges of favoritism, and emphasizes individual performance at the expense of cooperation and teamwork, according to many teachers.

A superintendent of one small South Dakota school system reported to the ERS researchers that teachers in his district actually "refused merit increases because they feared the wrath of the remaining teachers."

Teachers also have contended that merit pay lowers morale. A 1957

New York study of merit pay supports this contention. The study committee noted that, "Frequent evaluation, fear of losing salary increments, and the granting of increases to but a few teachers can easily impair the morale of a group, especially if the group does not agree with the basis for the judgments or the choice of recipients."

Thirty-eight percent of the school districts responding to the ERS study reported that personnel problems created by the merit pay program were the reasons for discontinuing their programs. In addition, teachers have been very effective at bargaining merit pay out of their contracts, and some state bargaining statutes have prohibited merit pay.

INADEQUATE FINANCING

Whereas teacher and union opposition have struck telling blows to many merit pay programs, inadequate financing has often won the same decision with a single knock-out punch. Inadequate funding hurts merit pay in two major ways. Many merit plans have failed because they were adopted in school districts with insufficient base salaries for teachers or the merit stipend was not large enough to be worth any extra effort.

One Wisconsin school superintendent reported that when salaries were adjusted significantly in his district due to inflation, the merit consideration his board had provided became insignificant and actually "became an irritant rather than an incentive."

DIFFICULT TO ADMINISTER

A large number of school systems report administrative problems as their reason for dropping merit pay plans. These have included:

- Plans that were poorly implemented--either because they were too complicated to administer, or because they did not have enough structure to administer
- Plans that were too hurriedly designed and implemented
- Plans that required too much recordkeeping
- Plans that became too much of a burden on a limited number of administrators
- Principals and supervisors who didn't want to administer the plan because of the friction it caused or other similar reasons.

OTHER REASONS FOR PROGRAM FAILURES

Other school districts have cited these causes for the failure of their merit pay plans:

- No measurable criteria or satisfactory instrument on which to base evaluations, making impartial ratings nearly impossible
- Difficulty in determining who deserved a merit award
- Insufficiently prepared evaluators

- Inconsistency among evaluators and standards from school to school and from level to level within a school
- Unilateral evaluations
- Changes in the school system leadership and philosophy
- Parents wanting their children to be taught by "superior" teachers
- Quota systems provoking artificial cutoffs freezing out less experienced teachers
- Negative publicity or confidentiality of merit recipients destroyed by publishing the recipients' names in a local newspaper
- Too many recipients, causing the "merit" concept to be lost
- Too expensive to operate
- Merit that became permanent, rather than requiring renewed recognition and awards
- A difference in opinions between the board and administration regarding the reasons for implementing a merit pay program, and its expected outcomes.

Finally, recent experiences point out two other major reasons merit pay programs haven't worked:

- They have been initiated without the input, cooperation, and consent of the teachers
- They have not focused on productivity—making it difficult to judge whether the plans make any real difference in teaching performance and student achievement.

Your district should be aware of the reasons some programs have failed. That awareness enables you to plan ahead to deal with the problems.

HOW CAN YOUR DISTRICT DESIGN A SUCCESSFUL MERIT PAY PROGRAM?

Despite financial, personnel, and administrative problems that some school districts have had with merit pay, quite a few districts report positive experiences with their merit pay programs.

Interviews with a number of school administrators who believe their programs have been successful revealed that they view their success in light of two major factors: how well people *perceive* the program and how well the program *meets its objectives*.

Both of these factors are influenced by the process your district uses in developing its program. Your process should take into account the following considerations:

- Avoid most, if not all, of the problems schools have encountered with merit pay.
- Build a solid base of support for your merit pay program.
- Design a program that meets your district's particular needs, while working within limitations unique to your district.
- Implement the program with as few snags as possible.
- Change your program as needed.

The process presented here should help you do just that.

"Continuing political support must be maintained through continuously informing and reinforcing those who provide funding and whose educational needs are fulfilled by the plan. In the past, fulfillment of those needs has not always been adequately communicated." — AASA Statement on Merit Pay

STEP ONE

INVOLVE THE RIGHT PEOPLE

No merit pay plan will be met with unqualified support. But to help ensure that your district's plan doesn't falter, make your first step the involvement of all who will be affected by the plan. As outlined in AASA's statement on merit pay, these people should include:

- Those who may participate in and benefit from the plan—the teachers
- Those who will implement and operate the plan—school administrators
- Those who will financially and politically support the plan—the school board, school parents and other citizens, and members of the business community

At this point it's not critical to get everyone committed to *having* a merit pay program. However, everyone should agree to *consider* a program. Later, commitment by the board, the administration, teachers, and the community will be crucial to the success of the program.

If the plan is initiated by the administration, it is important to get initial feedback from the board regarding its willingness to support a merit pay program, including both policy support and financial support. Teacher representatives must also be consulted. Some districts survey the community to determine if the community would support "some kind of" merit pay program.

ESTABLISH A COMMITTEE (OR TWO). Once agreement is reached to *consider* a program, many districts then establish a committee to research merit pay and to make recommendations for the design of the program. Committee membership often includes:

- Board member
- Members of the administrative team: the assistant superintendents or directors of finance, personnel, instruction, and communications; one principal from the elementary level; and one principal from the secondary level
- Classroom teachers representing elementary and secondary levels.
- Representatives from the parent-teacher organization
- Representatives from the local chamber of commerce or other business persons in the community.

In some districts, the committee created to study merit pay and make a recommendation for program design dissolves once general ob-

jectives are established. Then, after the board approves the objectives, a "steering" committee consisting of administrators and teachers is formed to work out the details of a program that will meet the established objectives.

HIRE A CONSULTANT. Some districts find it helpful to hire a consultant to assist the administration and the merit pay development committee in designing a program. If hired, a consultant's role should be clarified from the beginning. Also, most experts recommend that any consultants be brought into the district three to six months before the study committee begins its work.

There are two reasons for doing this. First, the consultant needs to be familiar with the school system and its people. Second, the consultant must have time to earn the respect and trust of the school administrators and teachers.

Phillip Schlechty, who has been working with the Charlotte-Mecklenburg (N.C.) school district in designing its "Teacher Career Development Plan," points out that, "People buy people; then they buy ideas . . . The consultant has to be trusted by the people he's dealing with and he needs to have a long-term commitment to the program . . . He needs to have his ego and destiny tied to it."

The Charlotte-Mecklenburg program, which has been in the works since 1981, was scheduled for implementation in January, 1984.

Schlechty also warns that if a district hires a consultant to serve as "an expert with all the answers," that district is headed for trouble. A consultant's job should be to ask questions and facilitate answers. Otherwise, Schlechty says, the project will be owned by the consultant and not the district, its board, and employees.

STEP TWO

CONDUCT THE RIGHT RESEARCH

Now the real work begins. Through your research, you will begin to lay the foundation for your merit program. Although the merit advisory committee is responsible for conducting this research, the administration needs to ferret out much of the information for the committee.

FIND OUT WHAT'S WORKED AND WHAT HASN'T. Before designing any program, the committee must know about the different kinds of merit pay programs, both in the private and public sector. They also must learn how the programs were developed, why some worked, and why others failed. To do this, they need to review

current literature on merit pay, and management in general, and interview administrators of both successful and unsuccessful programs.

After reviewing current literature on merit pay, members of the Charlotte-Mecklenburg study committee decided against recommending any existing programs. They felt too many things were wrong with current school system plans and too many treated teachers like production workers instead of middle management employees. The committee redirected its research to glean what it could from such works as Dan Lorby's *School Teacher, The Art of Japanese Management*, and a number of Peter Drucker's books.

As the Charlotte-Mecklenburg example suggests, it's also helpful to gather information on the various programs now being developed and promoted. This will give you the best thinking on what might be publicly and politically supportable.

KNOW WHAT YOUR TEACHERS WILL SUPPORT. In addition to the responses from the teacher representatives on the committee, it might be helpful to consider what major teacher organizations say they would support in merit pay programs. Your district's teachers may or may not hold the same view, but it's important to cover all bases.

STEP THREE

DECIDE WHAT YOU WANT

Now that you have a good grasp of what's possible, you must relate this knowledge to your own district. The first step in deciding what kind of merit pay program or mix of programs will be best for your district is to define your objectives.

For example, the study committee that assisted the Midland (Tex.) School District in developing its merit pay plan began with a goal. As reported in Midland's handbook explaining the district's "Performance Based Salary Supplement Program," the goal was to establish a supplemental pay system that would meet a threefold philosophy:

- Provide a staff with the means of achieving instructional improvement and professional development
- Provide an incentive for professional growth
- Provide a tangible method of recognizing and rewarding teacher performance

When the Summit (N.J.) school system developed its "Professional Staff Merit System," it set these objectives:

- To develop the quality and effectiveness of teaching in Summit
- To attract to the community teachers whose actual and potential

skills, and whose attitudes, enthusiasm, and dedication to the profession are at a level markedly above average

- To ensure that once such teachers have been attracted to the district, each will receive salary commensurate with performance
- To provide incentives for improvement during a teacher's entire career in the Summit Public Schools
- To ensure that well-organized, valid judgements of performance can and will be translated into concrete, attractive financial rewards for meritorious achievement
- To provide an orderly plan for the equitable compensation of services at all levels of competence.

Like the Houston school system, your district may want to define its objectives more narrowly, for example:

- To improve student achievement in specific areas or by a specific degree
- To lessen teacher absenteeism
- To get good teachers to teach disadvantaged students
- To fill teacher vacancies in critical staff shortage areas
- To encourage more team teaching efforts and cooperation among teachers
- To provide for increased participation by teachers in decision-making and problem-solving activities usually reserved for school management
- To make teaching in the district more interesting
- To encourage teachers to take more initiative in designing innovative instructional programs
- To improve teachers' safety records
- To encourage fiscal responsibility among school employees and decrease school costs
- To increase the salaries at or above the maximum amount allowed by the district's salary schedule.

KNOWING WHAT YOU DON'T WANT HELPS. At this stage, some districts also define what they *don't want* in their merit pay plans. The Utah School Merit Committee of the Unified School District #259 in Wichita (Kan.) specified the following "hazards to be avoided":

- Don't implement a program if the district staff is not adequate or does not have adequate training
- Administrators should not base personnel decisions on wholly subjective judgements
- The merit system should encourage and reward constructive, creative teaching, not rigid-conformity to static teaching practices

• The system should avoid encouraging individual rivalry or lack of cooperation among staff members

The Midland merit study committee also identified these things to avoid:

• QUOTAS. Arbitrary limitations on the number of teachers who can be recognized defeats the purpose of recognizing and rewarding excellence in teaching when it occurs

• PERMANENCE. "Once good, always good" restricts and limits effectiveness of teacher evaluation, handicaps the building administrator, and causes morale problems

• AMBIGUITY OF STANDARDS. A person can hardly set out to go somewhere if the destination is unknown

• DEPENDENCE ON PERSONALITY-MESH AND PRINCIPAL'S PHILOSOPHY. Provides for lack of uniformity and fairness

• SECRECY. Creates rumors and misinformation.

STEP FOUR

DESIGN A PROGRAM THAT GIVES YOU WHAT YOU WANT

With your objectives established, you have clear direction regarding the kind of merit pay program to be designed. If your objectives are based on a philosophy that "you have good teachers and you want to reward them," your program will be different from a program designed to meet a specific objective, such as to *raise* the levels of teacher performance or student competencies.

If you wish only to reward good teachers, your merit pay system might emphasize the evaluation of "input" factors, such as:

- A teacher's classroom management skills
- Preparation for and planning of lessons
- Knowledge of subject matter
- Instructional techniques
- Management of pupil, public, and staff relationships
- Professional ethics and attitudes
- Professional growth.

Also, your program would provide, in addition to monetary rewards, other forms of recognition—like sabbaticals and grants.

If you wish to *affect* teacher and student outcomes, however, you will need to do more. To promote teacher productivity, for example,

you need to specify desired outcomes and the criteria to be used in measuring teacher "output."

It is the latter type of merit pay program that is receiving the most attention today. As AASA Executive Director Paul Salmon points out, a merit pay system that links incentive pay to measurable results would satisfy a public that wants measurable results in addition to rewarding teachers for outstanding performance. Says Salmon: "While legislation and additional revenues of the magnitude proposed in California might help in the short run, the public simply will not continue to provide money without measurable results."

In the latest ERS publication on the topic of merit pay, Educational Research Service Executive Director, Glen Robinson, also recommends merit pay systems that measure productivity.

"Based on the criteria for successful merit pay programs gleaned from past experience," Robinson writes, "it would appear that the approaches with the best chance of success are those based on a concept of increased educational productivity."

SPECIFYING OUTCOMES. To specify what constitutes increased or superior productivity, you must compare productivity to a norm, and then determine what levels of productivity would equate to significant increases in productivity—or superior performance. Compared to the *standard* productivity of typical teachers, says Robinson, teachers with superior productivity would teach: more content, more skills, better comprehension, and better attitudes to more students, more difficult learners—in less time.

"Master, or superior, teachers produce more than typical teachers in various combinations of these productivity factors," says Robinson.

MEASURING OUTCOMES. There are a number of tools that can be incorporated into your merit pay program to measure teacher "output" or educational productivity. Some that measure student learning and behavior are already being used by districts, while others need to be developed. They include:

- Criterion-referenced tests
- Standardized reference tests
- Tests that measure student mastery of content
- Tests that measure student ability to perform certain skills
- Tests or indicators of modification of student attitudes
- Tests or indicators of difficulty in learning.

Teacher productivity could also be measured by an assessment of:

- The number of students taught
- The amount of time students spend learning

• The volume of the content that is taught.

However you decide to assess teacher input and output, your evaluation procedures must be applied consistently and objectively. Many school leaders warn against linking evaluation for merit pay too closely with the district's regular evaluation procedures for staff development and tenure. Doing so, they say, can put stress into and otherwise hamper regular evaluation efforts.

ENCOURAGING TEACHER INITIATIVE. Robinson further suggests that a merit pay program designed to increase educational productivity would shift part of the responsibility for initiating and designing plans to increase teacher productivity from management to the teachers themselves. "The teacher would also assume primary responsibility for objectively measuring that the plan has been executed successfully and for recommending ways that measurements can be verified by management." he says.

The role of management would then become that of encouraging, assisting, and approving or disapproving proposals initiated and developed by teachers, and verifying an objective measurement of the results.

There are a number of proposals teachers, individually or as a group, could initiate to increase and measure educational productivity. Robinson provides the following examples of what proposals could include:

• Those that would *increase student learning* as measured by significant increases in scores on objective tests of student achievement, content mastery, comprehension, or skills development in specific learning areas.

• Those that would *improve student attitudes or behavior* as measured by changes in attitude or behavior indicators.

• Those that would *increase learning of students with specific learning or behavioral difficulties* as measured by appropriate tests.

• Those that would increase productivity by *teaching more students* while maintaining or increasing achievement test scores.

• Those that would increase productivity by *teaching the same content or skills in less time* while maintaining or increasing achievement test scores.

• Those that would increase productivity by *teaching additional content* as measured by student learning examinations.

• Those that would increase productivity by *more students being present* for learning as measured by improved student class attendance.

One example of a merit pay program designed to increase teacher initiative is that of the Round Valley (Calif.) public schools. The program works on a point system through which teachers can add up to

$2,800 to their base salaries. Teachers can receive 4 of a possible 10 points for their initiative in proposing and carrying out new projects or activities that either are part of the regular curriculum or are supplementary to it.

As Brian Burke, an eighth-grade teacher in Round Valley, wrote in an article published in *Phi Delta Kappan*, "The program is as individual as the teacher who plans it." For example, one first-grade teacher with a master's degree in library science proposed to teach library skills to junior high school students during her preparation period. Another elementary school teacher, whose hobby was advanced mathematics, offered an elective course on the topic to eighth grade students.

Burke points out that, by allowing teachers to initiate such efforts, the district avoids one of the major obstacles some merit pay programs have encountered: the claim by teachers that they are "job loading"—assigning teachers extra duties, courses, or responsibilities that they have little or no desire to assume.

The Round Valley plan rewards group initiative as well as individual initiative. Teachers can receive 2½ of the possible 10 points when they focus on a common goal. Teachers in the junior high school, for example, joined forces to create a consistent disciplinary program. According to Burke, these teachers received merit points according to the degree of their success. Teachers have also won merit points for group efforts in developing writing, health, and physical education programs, and in organizing contests and extracurricular activities.

By awarding group as well as individual work, the Round Valley merit pay plan addresses what has been another major flaw in merit pay plans: — it avoids any detrimental effects on teacher cooperation.

The remaining 3½ of the possible 10 points in the Round Valley program are awarded to teachers on the basis of principal evaluation. By limiting the number of points for which the principal is responsible, the Round Valley program again addresses what has been a problem with many current merit pay plans: — the school principals do not carry the entire burden of controlling the financial fates of teachers.

DECIDING WHAT'S FINANCIALLY FEASIBLE

What you want in a merit pay program and what you can afford, unfortunately, may be two different things. Merit pay plans, administratively, can be complex and cumbersome compared to the single-salary schedule. They usually require at least one additional administrator, and one or more clerks in the payroll department. If teachers evaluate their peers, additional staff time for evaluation also needs to be allocated.

As Cornell University researchers David Lipsky and Samuel Bacharach advise in *Collective Bargaining Quarterly*, to keep costs for a

merit pay program within budgetary limitations a district can either limit the amount of money allotted, or limit the number of stipends granted. "But," they warn, "if the amount of money allotted is too small, merit stipends may be too small to be effective. And, limiting the number of stipends can foster unhealthy competition and ill will among the teachers."

SETTING MERIT STIPENDS. AASA, in its statement on merit pay, specified that, to be successful in the long term, a merit pay program should:

- Be open to all competent professionals who wish to compete, despite length of service with the school or district.
- Offer salaries from 5 to 20 percent above the salaries paid to similar competent professionals.

It appears that many districts with successful merit pay plans allocate to merit pay at least 10 percent of their total teacher payroll budget. For example:

- The master teacher plan proposed in Tennessee would increase salaries for 87 percent of the teachers, and the raises would range from 27 percent to 70 percent.
- In Los Angeles, teachers have been offered an 11 percent increase to teach in the city center.
- Houston pays its math and science teachers salaries 25 percent above the salary schedule base.

Although all the details of the Charlotte-Mecklenburg plan have not been worked out, the proposed plan will raise the salaries of successful teachers by nearly 50 percent in a 30-year time span. In structuring the proposed salary schedule, the district took into account two goals. First they wanted to ensure that teachers who have successful careers in the district are paid on an equal basis with successful mid-level managers in private industry. This equated to $900,000 over a 30-year career. Second they wanted to assess what the community could afford without outside financing. They estimated a 10 percent increase was feasible. Teachers in Charlotte-Mecklenburg now earn about $600,000 over 30 years. The salary structure being developed would raise every teacher's "career" salary above what it is now and will pay a number of teachers $900,000 over a 30 year career.

RAISING THE PERCENTAGE OVER TIME. In some districts, the percentage of the total personnel budget allocated to merit pay increases over time. This is done for political as well as budgetary reasons. Districts have found that citizens are willing to put more funds into a program once it has proven to be be successful. The "Program for Excellence" of the Catalina Foothills School District in Tucson, Ariz. is

an example. Recognizing that the benefits of the program outweighed the costs, the school board increased funding of the program by 50 percent after the first year of operation and by another 30 percent after the second year.

QUESTIONS TO ADDRESS. Any questions your district has about financing a merit pay program should include:

- Is the new plan's intent to redistribute current funds for teachers' salaries, or to secure additional monies to fund the merit payments?
- Will the current salary schedule be maintained or replaced with the merit program?
- What percentage of teachers will receive merit pay and at what levels of payment?
- How many years will a teacher need to be employed in the district before being eligible for merit pay?
- Will merit payments be compounded, as providing double increments on a salary schedule would do, for example; or would payments be made on a limited basis, such as for one year, or two, or three?
- Will payments be made in one lump sum or in equal installments?
- Will part-time teachers be eligible for merit pay?
- Will merit pay be given only to teachers in active teaching assignments?
- Should awards be made commensurate with performance—variable, that is, and at the discretion of the principal or other administrator; or should awards be set at a fixed rate?
- What effect will the new plan have on current staff inservice and development programs? What changes will be needed to ensure that teachers' skills are at a level that enables them to compete equally for merit pay stipends? And what will this cost?
- How will the plan relate to the current evaluation system? Will the current system need to be revised and, if so, to what extent and cost?
- How may administrators and support staff will have to be hired to administer the program? Successful programs require an adequate number of trained administrators.
- If peer evaluation is part of the plan, what will expenses be to hire additional or substitute teachers?
- What incentives besides merit pay can be given?
- Will merit pay stipends be given to individual teachers and/or groups of teachers?

RETHINKING AND GETTING HELP. In assessing the costs of the merit pay program you desire, you may find obtaining required funds difficult. Like the Catalina Foothills School District, you may

need to start with a lower merit increment than you would like (but not too low) and then build up. You may need to rethink your program in light of what's presently administratively possible and plan more gradual changes.

Also, you may wish to look into obtaining outside help. Maybe the state legislature will vote for a general raise in teachers' salaries or you could help develop a merit pay plan at the state level. Local businesses may provide financial support toward a merit pay program, or you may seek grant monies.

DECIDING WHAT'S ADMINISTRATIVELY FEASIBLE.

Cost is not the only factor in determining what's administratively feasible. Other factors include:

- What the state law will and will not allow
- The current level of trust between your district's management team and teachers
- What the public will want to know.

STATE LAW. Your plan must be in line with your state's bargaining, tenure, and other laws. If state law is in your way, you may find it easier to follow the route taken by the Charlotte-Meckenburg schools. Because that district's proposed plan did not comply with the state's tenure laws, the board and administration asked their local delegation to introduce a bill in the state legislature seeking special "permissive" legislation for their district only. Although some feared a ripple effect, state legislators responded favorably to pressures for the bill from the district, the governor, the state superintendent of public instruction, the state university, the press, and others. Enabling legislation for all districts in the state might also be possible.

TRUST. Without a high level of trust between school management and staff, it will be difficult to design and implement *anything*, much less something that affects teachers' livelihoods. Involving staff in the development of a program may help to improve the level of trust. However, if teachers' views aren't taken seriously, it could chip away further at any trust already established.

To avoid this problem, some school districts have established "quality circles" of teachers at each school. The circles, made up of four to eight teachers and the school principal, provide liaison between the school staff and the merit pay development committee. Here's one example of how this works:

- The development committee lists the competencies teachers will need to achieve certain merit levels of compensation.

• The development committee gives the list to the quality circles in all schools.

• The quality circles review the list and obtain feedback from staff members.

• The quality circles approve the list or recommend changes to the development committee.

• The development committee considers all recommendations, "meshes" them, and revises the list accordingly.

PUBLIC INFORMATION. There is a big debate — about whether the names of merit pay winners should be publicized or not. When word of merit ratings or recipients gets out, some researchers say teachers who don't receive a merit award feel embarrassed. Also, they say, some parents want their youngsters to be assigned to the "superior" teachers.

Assistant Superintendent William Hoyt of the Westside Community Schools in Omaha, Nebraska, believes the success of his district's program rests on the anonymity of merit winners. In that district, the names of merit recipients are kept confidential—even the board doesn't see them. Instead, the administration verifies to the board and teacher association that funds allocated for merit pay have been dispensed for that purpose.

The first week after the Penn Manor (Pa.) school board publicized the names of the 25 merit-pay winners, one high school teacher commented, "You could have lit a match anywhere and gotten an explosion."

In some districts, though, the names of merit recipients are publicized without grave effects. In many districts, strict confidentiality of recipients is not maintained; however, neither is publicity sought.

It appears that many communities support merit pay programs in which the names of recipients are not widely publicized. However, if you want more taxpayer support for your program, you may find it necessary to publicize the success of the program in some manner.

You must decide the most feasible approach for your district.

STEP FIVE

DOCUMENT THE PROGRAM

Part and parcel of designing a merit pay program must be the development of certain documents and forms that allow implementa-

tion of the program. First is the development of board policy that outlines the following:

- Objectives of the merit pay program
- Criteria to meet in order to be eligible for merit pay
- Procedures for application
- The evaluation criteria
- Evaluation and monitoring methods
- Merit pay schedule
- Appeals procedure.

The board's policy should also specify that the success of the merit pay program will be monitored and evaluated.

Critical also to the success of a merit pay program is the development of effective evaluation processes. The numbers and kinds of instruments required will be affected by the kind of program you create. Evaluation-related questions appearing in Appendix A should give you some clues as to the kinds of forms and instruments that will be necessary.

If your plan is one that encourages teacher-initiated programs, you will need a form such as the one that appears in Appendix B.

Also, if teachers will be applying for merit pay, then you need to develop application forms.

STEP SIX

PUT YOUR PLAN IN ACTION

There are four main keys to successful implementation of your merit pay program:

- Commitment by the board, administration, and staff to the plan
- Agreement on how to implement the plan
- Understanding of who is responsible for what in implementing the plan
- Good communication to the public about the plan's effect on student achievement.

A TIMELINE. Assuming you have board commitment at this point, the administration must come up with a plan of implementation that's realistic and agreeable to all. Among other things, your plan of action must include a timeline for:

- When teachers will be placed on the plan

- When evaluations will be made
- When applications and recommendations for merit pay will be made
- When final approval on recommendations will be given
- When merit pay recipients will be informed and publicized—if they are to be publicized
- When merit payments will be made.

ASSESSING RESPONSIBILITIES. In deciding who is responsible for what in your district, you may find it helpful to examine the roles played by the administration and staff in implementing the Midland (Tex.) Public School's "Performance-Based Salary Supplement Program" (PBSS). These are as follows:

The Superintendent:

- Is responsible for the planning and carrying out of an annual districtwide administrator and teacher orientation program
- Will appoint the PBSS Advisory Board
- Will instruct the PBSS Advisory Board concerning its obligation, limitations, and general procedures and will ensure that the board handles the responsibilities

The Principal:

- Will disseminate information to the building staff concerning PBSS and will make application forms available to interested personnel
- Will make observations and may use additional support personnel for assistance
- Will receive and assess all applications from staff members
- Will review and support data for the application and prepare a letter to accompany the application in which the principal gives specific reasons for his or her support of the PBSS applicant
- Will meet with the staff member for final review of the application and the principal's recommendation
- Will submit the application, recommendation, a current teacher evaluation, and all accompanying data to the personnel office.

The Staff Member:

- Will attend the scheduled PBSS orientation program and is responsible for becoming fully informed concerning the policies, procedures, and criteria of PBSS
- Will indicate initial interest in PBSS to the principal and acquire an application form from the principal
- Will request and participate in the initial conference with the principal before any application is prepared

- Will be responsible for gathering data, scheduling necessary observations, and supplying pertinent documentation about performance
- Is responsible for ensuring that all necessary supporting data for the application is organized and in compliance with established guidelines, and that it will clearly justify level placement to the principal and to the Advisory Board
- Will make certain that necessary materials have been included in the application and that they are submitted to the principal by the appropriate time
- Will participate with the principal in a final review of the application, supporting data, and the principal's recommendation
- May, at any time prior to submission of application to the Advisory Board, decide to withdraw from completion of the level application process.

The Personnel Office:

- Will receive the application, principal's recommendation, and supporting data
- Will verify the applicant's personnel record in relation to college hours, years of experience, and other pertinent information as requested on the application form by the principal
- Will submit the application and verifying data to the Advisory Board

The PBSS Advisory Board:

- Will evaluate each application and all supporting data and will determine if there is sufficient evidence to indicate that the criteria have been met for level retention or advancement
- Will submit to the superintendent a written report that includes the names of applicants who have successfully met the criteria and are recommended for level placement
- Will submit to the superintendent a written report on each unsuccessful applicant that specifically states the criteria not met or the specific area(s) of inadequacy in the application
- May recommend rejection of level advancement but may also recommend a one-year extension for that staff member at the same level.

The Midland School Board:

- Establishes merit pay policy and revises policy as needed
- Allocates funds for the merit pay program
- Approves PBSS placements.

COMMUNICATION. The need for good communication can-

not be overemphasized. Even in districts having merit pay programs considered to be successful, school administrators have identified a need to improve their communications efforts. After the second year of successful operation of its Program for Excellence, for example, administrators in Catalina Foothills learned through a staff survey that:

- Teachers didn't understand the purpose of the program
- Teachers didn't know the selection criteria

The district had announced the criteria and purpose of the program to all teachers. They realized, however, that information about the program must be repeated in written messages and at faculty meetings.

Most districts with successful programs publish a handbook on the program that is distributed to staff members, members of the community, the press, and anyone interested in the program. They also include discussions of merit pay in their new teacher orientation programs, and they never fail to mention the program to all teachers and to the community at the beginning of each school year. All these actions are vital to maintaining support.

STEP SEVEN

FIND OUT IF THE PROGRAM IS WORKING, REFINE IT

Too many merit pay programs are continued without assessing whether they are meeting their objectives or worth the money that's put into them. Without that information, not only will you be unable to assess the program's value but you also will not be able to improve it.

For example, the Catalina Foothills school system makes an annual assessment of its merit pay program. Writing in *Phi Delta Kappan*, Catalina Foothills Superintendent Larry Frase, Assistant Superintendent Robert Hetzel, and University of Arizona education department head Robert Grant explained that the district's evaluation of the program after its first year of operation consisted of three stages. The first stage required the 27 teachers who received awards to complete a questionnaire designed to assess how well the program met its objectives. In the second stage, six participants and six nonparticipants were selected at random for interviews that sought their general opinions of the program, suggestions for improvement, and reasons why the program is desirable or undesirable.

The third stage of program evaluation attempted to provide "a more global assessment." Using data derived from the first and second stages, the evaluators tried to answer the following questions:

- Are awards important? Are they valued by recipients?
- Is the program flexible enough to meet individual teacher needs?
- Is the program visible enough? Is an unpublicized reward system preferred to a publicized one?
- Are the awards given often enough?
- How much is the program costing and is it worth it?

The "Program for Excellence" was evaluated in its second year of operation by both the teacher union and the administration. District administrators studied the responses to the survey to pick up suggestions on improving the program.

PRODUCTIVITY IS THE KEY

AASA suggests that the most important assessment a school district can make of its merit pay program is one that reveals if the program has improved productivity. For merit purposes, AASA states, productivity means:

- Producing more knowledge (content) at agreed-on levels of quality
- Producing more skills
- Providing education for more students
- Providing education for more difficult students
- Improving conditions that lead to more funds or more effective use of existing funds for effective education.

Ultimately, a merit pay plan should be judged by its ability to ensure effective education for all students.

Suggested Steps in Designing a Merit Pay Program

1. Involve the right people.
2. Conduct the right research.
3. Decide what you want.
4. Design a program that gives you what you want.
5. Document the program.
6. Put your plan in action.
7. Find out if the program is working; refine it.

APPENDIX A

MERIT PAY AND EVALUATION: QUESTIONS TO ASK

- How will staff participate in the development of evaluation procedures and criteria?
- Who will evaluate? School principals? Other district administrators? Teachers? Students? A team of evaluators from outside the district?
- Will teachers conduct self-evaluations?
- Will an evaluation review committee be established? If so, who will be on it? How will it work?
- When and how often will evaluations be conducted?
- What evaluation criteria will be used to identify superior teachers or improved productivity?
- Will teachers set their own criteria?
- How will evaluation criteria and results be communicated to staff and others?
- What kinds of evaluation forms, checklists, tests, and other instruments will be created and used to measure input and output factors?
- What additional staff will need to be employed to assist in evaluation or to take on the regular responsibilities of evaluators while they are engaged in evaluation?
- What training of evaluators should be undertaken to ensure that evaluations are conducted in a consistent and objective manner?
- How will evaluation results relate to teacher inservice education?
- What steps need to be taken to ensure that evaluation procedures, criteria, and language are consistent with law and collective bargaining agreements?
- What efforts will be made to maintain confidentiality of teachers' evaluation records?
- What appeal procedures will be used?

APPENDIX B

POSSIBLE ELEMENTS OF A TEACHER PLAN FOR INCREASING PRODUCTIVITY BEYOND STANDARD PERFORMANCE

GOAL/OBJECTIVES	Teacher specifies a goal and objectives for substantially increasing educational productivity beyond standard performance.
ACTION PLAN	Teacher outlines procedures to be used in achieving the goal and objectives.
RESULTS EXPECTED	Teacher specifies expected outcomes.
METHOD OF MEASUREMENT	Teacher states how he or she will measure specific results (outcomes), including specific levels of scores or indicators to be achieved.
METHOD OF VERIFICATION	States how management will verify the measurement of results and the achievement of the goal and objectives.

PLAN SUBMITTED BY:
Teacher _____

PLAN APPROVED BY:
Principal _____

MEASUREMENT OF RESULTS
- Attained
- Not Attained
- Verified _____

ADDITIONAL COMPENSATION
To be Awarded: $_____
- Awarded _____
- No Award _____

Source: Adapted from Robinson, Glen E. "Paying Teachers for Performance and Productivity: Learning from Experience." Concerns in Education, Arlington, Va.: Educational Research Service, 1983.

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